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## **Updates on the 2021 Physician Fee Schedule Proposed Rule**

### **Proposed Physician Fee Schedule**

On August 4<sup>th</sup>, 2020, the Centers for Medicare and Medicaid Services (CMS) released the 2021 Medicare Physician Fee Schedule (MPFS) proposed rules. This new fee schedule proposed a higher reimbursement structure for Evaluation and Management codes, which, due to budget neutrality requirements, would necessitate decreasing the Relative Value Unit (RVU) conversion factor. It is estimated that such an action would result in a 10.6% reduction in the RVU conversion factor, decreasing it from \$36.09 in 2020 to \$32.26 in 2021. Members of the Radiology Business Management Association (RBMA) estimate that these cuts could exceed 13% in 2021. Furthermore, the American College of Radiology (ACR) estimates that these cuts could result in \$452 million of lost revenue for diagnostic radiology in just one year. The bottom line is the proposed rule change to the fee schedule will result in substantial losses for radiology physician groups, negatively impacting their ability to provide high quality care and timely diagnostic testing to Medicare participants. This all comes in the wake of the COVID-19 crisis, which has had its own broad-sweeping, negative impact on radiology groups. According to the RBMA, radiologists have experienced a nearly 20% reduction in revenues as a result of COVID-19, and these losses would only be compounded by the negative fallout if the fee schedule proposal is implemented as is.

### **RBMA Comments on the MPFS**

In early October, the RBMA released its response to the proposed fee schedule. In this response, a number of concerns were expressed regarding the proposal. Some major concerns were as follows:

- Decreases in fee schedule rates would severely undermine the ability of radiologists to provide timely and high-quality care for patients
- Reduced revenues from the fee reduction combined with lost revenue due to COVID-19 could have “catastrophic” repercussions
- Reducing Medicare reimbursement rates would negatively impact the rates applicable to other payors
- The proposed fee schedule changes would have far-reaching, negative impacts on already underserved populations, further exacerbating the clinical care disparity gap

The RBMA also conducted a survey of its members to determine the impact the EM revaluation would have on practices. This survey gives some indication of the negative impacts radiologist groups anticipate as a result of the proposed fee schedule changes and illustrate the actions they might take in order to accommodate newly created difficulties. The following results were determined:

- Over 70% intend to reduce ancillary staff and benefits to bring down operating overhead cost
- Over 50% are preparing for possible staff furloughs
- Nearly 64% expect delays in purchasing or upgrading equipment
- 34% worry about closing imaging centers or reducing hours of operation
- 34% are contemplating restricting imaging services for Medicare beneficiaries



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In response to these concerns, the RBMA requests that CMS delays implementation of the proposed EM coding and RVU conversion factor revaluation. They suggest the Department of Health and Human Services (HHS) waive the budget neutrality requirements, as is their right under section 319 of the Public Health Service Act, in order to eliminate the necessity of diminishing the conversion factor to compensate for the budgetary cost of increasing EM valuations.

In addition to fee schedule proposed changes, the RBMA strongly recommends that CMS more clearly define who is responsible to supervising each level of diagnostic tests, as the new proposal inadequately outlines the necessity of supervision for diagnostic tests and does not account for regional variations in how these requirements are met.

Finally, the RBMA also recommends that diagnostic imaging services or physicians who specialize in Diagnostic Radiology be omitted from the Medicare Spending per Beneficiary measure (MSPB), which would result in that cost category being reweighted. Since most inpatient diagnostic imaging studies are ordered by other clinicians and not the interpreting radiologist, it seems unreasonable for them to be penalized for something over which they have no control.

### **Final Thoughts**

Ultimately, there are a number of issues present in the 2021 Fee Schedule Proposed Rule, and advocates of radiologists, such as the RBMA, have given significant arguments as to why the proposed changes should either be delayed and revised, or not made at all. The American College of Radiology (ACR) is hosting a [webinar](#) on October 29<sup>th</sup>, 2020 at 8PM ET if anyone wishes to learn more about this topic and participate in efforts to combat this proposed rule change.

APS will continue to monitor any progress and developments that may affect your practice's compliance and reimbursement. If you have further questions on the impact of the 2021 Fee Schedule Proposed Rules on your practice, please contact your Practice Manager.